

FDIC State Profile

Spring 2004

Wyoming

Wyoming posted employment gains in 2003, continuing to avoid the overall job losses reported by the nation.

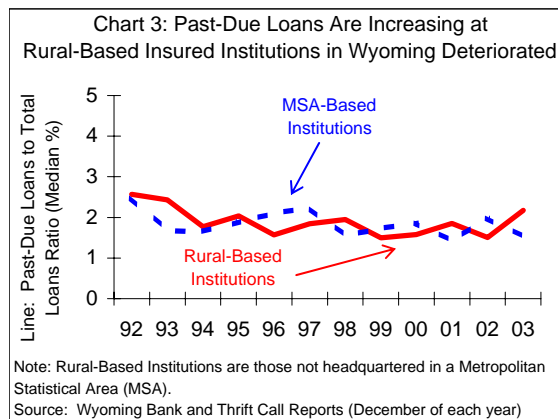
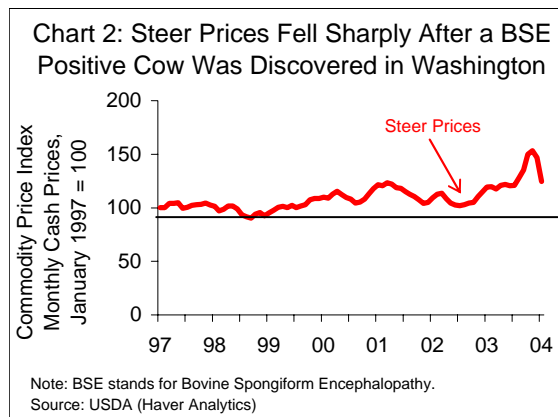
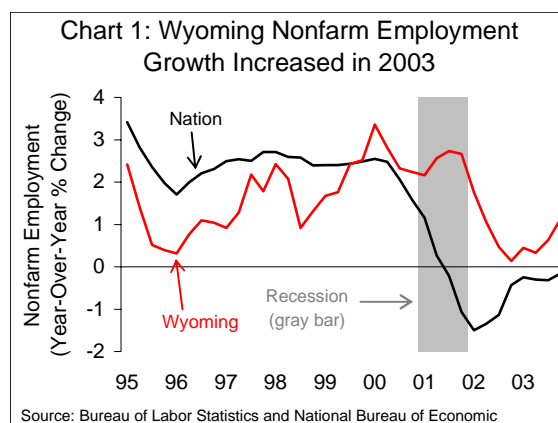
- Nonfarm payroll employment in Wyoming expanded 1.1 percent during 2003 (See Chart 1). Gains occurred in the majority of employment sectors. The government, educational and health services, and leisure and hospitality sectors added the greatest number of jobs. These three sectors accounted for 46 percent of Wyoming's employment. The largest job losses occurred in the construction, manufacturing, and professional and business services sectors, which accounted for 18 percent of the states' nonfarm employment.
- Wyoming's economy remained dependent upon natural resource industries, with state revenues sensitive to swings in related commodity prices.¹ While the natural resources and mining sector represented only 7 percent of nonfarm payroll employment, mining, including oil and gas extraction and coal mining, provided 23 percent of Wyoming's Gross State Product (GSP) for 2001, the latest data available.
- State and local governments which represented almost ten percent of the GSP during 2001, rely heavily on mineral-related taxes as a source of revenue. For instance, of the \$1 billion in royalties paid to the federal government by private firms nationwide to develop coal, oil or gas resources on public lands in 2003, half was for projects in Wyoming.² In addition, rising natural gas prices contributed to an estimated state budget surplus of \$1.2 billion for fiscal year 2005-2006.³ However, this surplus does not necessarily flow through to Wyoming's municipalities. In 2000, the state legislature passed a bill limiting the revenue municipalities receive from mineral royalties and mineral severance taxes.

Brucellosis diagnosed in a Wyoming cattle herd will increase costs for Wyoming ranchers.

¹McVeigh, Buck, "Wyoming State Government Revenue Forecast Highlights", Wyoming State Government, Economic Analysis Division, October 22, 2003.

²Bleizeffer, Dustin, "Wyo Grabs \$503M From Federal Minerals", Casper Star-Tribune, February 19, 2004.

³"Governor Sets Goals for Budget Session: Prison, Schools Top Priority", Billings Gazette, February 6, 2004.



State Profile

- Wyoming's important cattle industry exhibited signs of strength despite the discovery of two significant diseases in late 2003. , Cattle accounted for approximately 75 percent of Wyoming's agricultural receipts in 2002. Cattle and calf inventory were up nine percent year-over-year as of year-end 2003, the first increase in four years.⁴ In December 2003, 31 cattle in a Wyoming herd were diagnosed with brucellosis, a disease which causes pregnant cows to abort. Several states have required additional testing for Wyoming cattle; estimates indicate the additional testing could cost Wyoming ranchers more than \$1 million a year.⁵
- Additionally, due to the December 2003 diagnosis of a cow with bovine spongiform encephalopathy (BSE), January 2004 steer prices dropped approximately 19 percent from their recent November 2003 highs. However, as a result of sustained consumer demand for beef, steer prices climbed rapidly in 2003; January 2004 prices were still higher than one-year prior (See Chart 2).
- Improved weather conditions helped crop production. Production for all crops improved in 2003, a result of more favorable moisture conditions and irrigated water supplies.⁶ Although a majority of the state continues to face a drought watch, not a single area of Wyoming was classified as a drought disaster as of February 2004.⁷

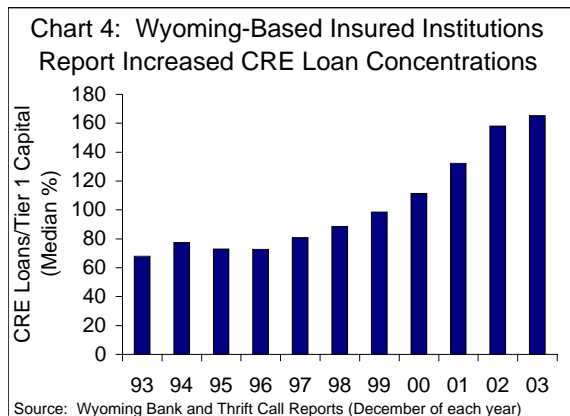
Wyoming's rural-based institutions reported better earnings performance, but higher delinquencies than institutions headquartered in Metropolitan Statistical Areas (MSAs) in Wyoming.

- Asset quality among insured institutions headquartered in Wyoming deteriorated during 2003 year-over-year as of December 31, 2003 (See Chart 3). The median past-due loan ratio increased from 1.60 percent to 2.00 percent over the period. However, median past-due ratios were higher at insured institutions based in rural areas as compared to those located in MSAs, 2.17 percent versus 1.52 percent as of year end. Higher median past-due ratios among rural-based institutions were also noted in the commercial real estate, commercial and industrial, consumer and single-family mortgage loan categories.
- Conversely, median net charge-offs-to-total loan ratios were higher at those institutions based in MSAs, 0.17 percent compared to 0.07 percent for the year ending December 31, 2003. In both cases, charge-off rates increased year-over-year as of fourth quarter 2003.

- The median return on assets (ROA) reported by all Wyoming insured institutions was 1.32 percent as of December 31, 2003. Wyoming's rural-based institutions reported lower median overhead ratios and less NIM compression than MSA-based insured institutions.
- The median *pre-tax* ROA, which is a more useful performance measure when evaluating institutions electing Subchapter S tax status,⁸ was 1.61 percent, comparing favorably to the national median of 1.53 percent. Both the median ROA and *pre-tax* ROA suffered declines year-over-year as of December 31, 2003, as a result of narrower net interest margins (NIMs). However, the median *pre-tax* ROA at Wyoming's rural-based institutions suffered less of a decrease and ended 2003 at a higher level, 1.64 percent compared to 1.41 percent for Wyoming's insured institutions based in an MSA.

Growing commercial real estate (CRE) loan concentrations among insured institutions in Wyoming are a potential concern, particularly for banks that have not experienced a full real estate cycle.

- During the past ten years, the median CRE loan⁹-to-Tier 1 capital ratio among Wyoming's insured institutions nearly tripled (See Chart 4). As of fourth quarter 2003, 24 percent of Wyoming-based insured institutions reported CRE loan-to-Tier 1 capital ratios over 300 percent, up from less than 2 percent in fourth quarter 1993.
- Construction and development (C&D) loans contributed materially to the trend. The median C&D loan-to-Tier 1 capital ratio among Wyoming-based institutions increased from 6.2 percent to 32 percent during the past 10 years.



⁴Wyoming Range Review, Wyoming Agricultural Statistics Service, February 3, 2004.

⁵"Brucellosis Testing Could Cost Wyoming Ranchers Millions", Billings Gazette, January 9, 2004.

⁶Wyoming Range Review, Wyoming Agricultural Statistics Service, January 14, 2004.

⁷Wyoming State Climatologist Assessment, Wyoming Drought Monitor, Wyoming Department of Agriculture, February 13, 2004.

⁸Pretax ROA is used to allow better comparability between regular banking corporations and institutions electing Subchapter S Corporation status. Twenty-one of Wyoming's 47 insured institutions elected Subchapter S status, which eliminates income tax at the bank level.

⁹Commercial real estate loans include construction, multifamily, and nonfarm-nonresidential mortgages.

State Profile

Wyoming at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	46	50	49	50	54
Total Assets (in thousands)	5,561,557	7,434,560	7,383,371	7,876,055	7,857,489
New Institutions (# < 3 years)	1	1	1	1	2
New Institutions (# < 9 years)	4	4	3	3	3
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	8.61	8.35	8.13	8.84	8.65
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	2.00%	1.60%	1.79%	1.68%	1.62%
Past-Due and Nonaccrual >= 5%	7	5	7	7	5
ALLL/Total Loans (median %)	1.20%	1.28%	1.38%	1.34%	1.38%
ALLL/Noncurrent Loans (median multiple)	1.47	2.29	2.39	2.57	2.41
Net Loan Losses/Loans (aggregate)	0.12%	0.37%	0.75%	0.52%	0.16%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	2	2	2	2	
Percent Unprofitable	0.00%	4.00%	4.08%	4.00%	3.70%
Return on Assets (median %)	1.32	1.48	1.33	1.33	1.32
25th Percentile	0.79	0.94	0.84	1.02	1.02
Net Interest Margin (median %)	4.22%	4.54%	4.40%	4.67%	4.62%
Yield on Earning Assets (median)	5.74%	6.53%	7.66%	8.31%	7.86%
Cost of Funding Earning Assets (median)	1.52%	2.16%	3.35%	3.75%	3.32%
Provisions to Avg. Assets (median)	0.10%	0.13%	0.12%	0.11%	0.09%
Noninterest Income to Avg. Assets (median)	0.59%	0.54%	0.60%	0.62%	0.62%
Overhead to Avg. Assets (median)	2.90%	2.95%	2.89%	2.98%	2.89%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	68.18%	69.71%	69.31%	69.68%	63.10%
Loans to Assets (median %)	59.90%	60.99%	60.42%	60.58%	56.38%
Brokered Deposits (# of Institutions)	13	6	3	4	4
Bro. Deps./Assets (median for above inst.)	1.97%	2.39%	4.74%	1.57%	2.00%
Noncore Funding to Assets (median)	16.52%	15.74%	18.04%	18.09%	16.15%
Core Funding to Assets (median)	72.12%	73.11%	72.31%	71.81%	74.24%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	9	9	9	10	11
National	17	21	20	20	21
State Member	17	17	16	16	18
S&L	1	1	1	1	1
Savings Bank	2	2	3	3	3
Stock and Mutual SB	0	0	0	0	0
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	39	4,694,885	84.78%	84.42%	
Cheyenne WY	6	542,422	13.04%	9.75%	
Casper WY	1	324,250	2.17%	5.83%	